

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 H-02 INR-10 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 IO-12 NEA-10

ACDA-19 GAC-01 MBFR-03 OMB-01 TRSE-00 RSR-01 /139 W
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R 111530 Z MAY 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 6097

INFO ALL CSCE CAPITALS 227

SECDEF WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 HELSINKI 1252

E. O. 11652: GDS

TAGS: PFOR, OCON

SUBJECT: CSCE: FINANCIAL AND TECHNICAL WORKING GROUP

BEGIN SUMMARY: WORKING GROUP BEGAN TO MAKE PROGRESS TUESDAY AFTER RESOLVING ITSELF INTO INFORMAL "NON- GROUP". BY WEEKS' S END, "NON- GROUP" SETTLED ON DISTRIBUTION FORMULA INVOLVING SEVEN DATE- GORIES OF STATES PAYING RESPECTIVELY 8.75, 5.52, 3.48, 2.00, 0.80, 0.60, AND 0.25 PERCENT EACH. SEVERAL DELS EXPRESSED RESER- VATIONS ON FORMULA INCLUDING "RESERVATIONS OF PRINCIPLE", BUT ALL AGREED TO REFER IT TO THEIR GOVTS. MALTESE DEL ASKED NATIONS IN CATEGORY I TO ACCEPT 8.8 PERCENT FIGURE ALLOWING CATEGORY VII TO DROP TO FLAT .2 PERCENT. CATEGORY I STATES AGREED TO REFER THIS REQUEST TO GOVTS ALSO. END SUMMARY.

1. NEWEST ENTRANTS INTO DISTRIBUTION SWEEPSTAKES AS WEEK BEGAN WERE BULGARIA, USSR AND FRG. SOMEWHAT SURPRISINGLY, BULGARIA WON BRASS RING WITH PROPOSAL MOST CLOSELY ANTICIPATING MARGINS OF DISTRIBUTION AROUND WHICH CONSENSUS LATER BEGAN TO COALESCE. BULGARIANS SUGGESTED SIX CATEGORIES PAYING RESPECTIVELY 8.8 PERCENT, 2.8 PERCENT, 1.8 PERCENT, 0.8 PERCENT, 0.6 PERCENT AND 0.4 PERCENT. US, USSR, FRG, UK, FRANCE, ITALY, AND CANADA FORM FIRST CATEGORY AND ICELAND, MALTA, CYPRUS, LIECHTENSTEIN, VATICAN AND SAN MARINO SIX CATEGORY.

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2. SOVIET PROPOSAL, WHICH CIRCULATED ONLY PRIVATELY, ALSO CONTAINS SIX CATEGORIES (9 PERCENT, 6 PERCENT, 3 PERCENT, 2 PERCENT, 1 PERCENT AND 0.5 PERCENT) WITH US, FRG, FRANCE, USSR, AND UK IN GROUP ONE AND CANADA AND ITALY ALONE IN GROUP TWO. SIXTH GROUP IS IDENTICAL TO BULGARIAN PROPOSAL.

3. FRG, IN STRANGELY AMBIGUOUS FORMULATION, SUGGESTED THREE GROUPS (7.7 PERCENT, 2.4 PERCENT, AND 0.3 PERCENT) BUT WITH PROVISION UNDER WHICH INTERMEDIATE CATEGORY COULD ADDITIONALLY BE BROKEN INTO FIVE SUB-GROUPS (6.0 PERCENT, 4.2 PERCENT, 3.0 PERCENT, 1.8 PERCENT, 1.2 PERCENT) FOR TOTAL OF SEVEN GROUPS.

4. FIRST REAL PROGRESS CAME ON TUESDAY AFTER SUGGESTION BY UK, NETHERLANDS AND OTHERS THAT GROUP MEET IN "INFORMAL" SETTING. (IN "THROUGH THE LOOKING GLASS" WORLD OF HELSINKI CONSULTATIONS PROGRESS APPEARS TO COME MOST READILY THROUGH INVERSE CONFIGURATIONS: "NON-PAPERS", "NON-GROUPS", "NON-CHAIRMEN" ETC.) ALTHOUGH "INFORMAL" SETTING SEEMED MEANT SAME GROUP SITTING IN STUFFIER ROOM WITHOUT BENEFIT OF MICROPHONES OR INTERPRETATION, FICTIONAL DEVICE APPEARED TO STIMULATE ACTIVITY AND GROUP BEGAN TO COMPOSE CATEGORIES. US IN FUTILE EFFORT TO STAVE OFF FORMATION OF TOO MANY SEPARATE GROUPS, SUGGESTED LIMIT OF FOUR CATEGORIES PAYING 6 PERCENT, 4 PERCENT, 2 PERCENT, AND 1 PERCENT RESPECTIVELY. WORKING GROUP, HOWEVER, WITH RELATIVELY LITTLE DEBATE, SETTLED ON SIX CATEGORIES. UNSTATED SIGNIFICANCE OF ACTION LAY IN TACIT ACKNOWLEDGMENT THAT CONSENSUS COULD ONLY BE GUILT ON BASIS OF CATEGORIES.

5. BICKERING RENEWED IN WEDNESDAY'S "NON-MEETING" WITH START OF EFFORT TO PIN PERCENTAGES ON CATEGORIES. PROPOSALS RANGED FROM 7.5: 3.5: 2.5: 1.5: 1.0: 0.5 PERCENTAGE DISTRIBUTION (US), TO 9.8: 6.0: 2.8: 1.8: 0.8: 0.5: 0.1 (CZECHOSLOVAKIA). SECOND CATEGORY (6 PERCENT) IN LATTER BREAKS CANADA OUT AS SEPARATE SEVENTH GROUP. PROPOSALS BY UK, BULGARIA, LIECHTENSTEIN AND TURKEY RANGED IN BETWEEN.

6. DESPITE TENTATIVENESS OF FIGURES SEVERAL COUNTRIES REMAINED RESTIVE. CANADA, UNDER PRESSURE FROM CATEGORY TWO COUNTRIES WHOSE PERCENTAGE SHE WAS RAISING AND EMBARRASSED BECAUSE ITALY, WITH SIMILAR UN ASSESSMENT (3.54 PERCENT V. 3.08), WAS WILLING TO

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JOIN TOP CATEGORY, PROCLAIMED AFTER HURRIED CALL TO OTTAWA, DESIRE TO FORM SEPARATE SEVENTH CATEGORY BETWEEN GROUPS ONE AND TWO (AS IN CZECH PROPOSAL). GREEKS, ROMANIANS, ICELANDERS AND SAN MARINANS CONTINUED TO REJECT ANYTHING OTHER THAN UN FORMULA. SWEDES, WHOSE STANDARDS OF EQUITY ARE RATHER CELESTIAL, ALSO LABELLED CATEGORIES "ARBITRARY" AND "UNFAIR". CATEGORIES FORMED PREVIOUS DAY ALMOST

STARTED TO UNRAVEL ENTIRELY AFTER PROPOSAL SURFACED LATE IN SESSION TO ALLOW STATES TO WORK OUT THEIR OWN PERCENTAGES WITHIN EACH GROUP.

7. THURSDAY'S "NON- GROUP" MEETING MOVED FORWARD AGAIN WITH NO ADDITIONAL STATEMENTS OF DISSENT FROM SEVEN CATEGORIES NOW FORMED. US

OFFERED TO WITHDRAW ITS SUGGESTED PERCENTAGES (PARA. 5 ABOVE) IF CZECHOSLOVAKIA WOULD ALSO WITHDRAW ITS PROPOSAL. AFTER CZECHOSLOVAKS AGREED, UK, BULGARIA AND LIECHTENSTEIN ALSO WITHDRAW IN FAVOR OF MODIFIED POLISH " COMPROMISE" PROPOSAL. CATEGORIES AND PERCENTAGES TENTATIVELY AGREED TO ARE AS FOLLOWS:

CATEGORY I (8.75 PERCENT): USA, USSR, FRG, FRANCE, UK, ITALY

CATEGORY II (5.52 PERCENT): CANADA

CATEGORY III (3.48 PERCENT): BELGIUM, NETHERLANDS, GDR, SPAIN, POLAND, SWEDEN

CATEGORY IV (2.00 PERCENT): AUSTRIA, DENMARK, FINLAND, HUNGARY, NORWAY, SWITZERLAND, CZECHOSLOVAKIA

CATEGORY V (0.80 PERCENT): YUGOSLAVIA, ROMANIA, TURKEY, GREECE

CATEGORY VI (0.60 PERCENT): LUXEMBOURG, BULGARIA, IRELAND, PORTUGAL

CATEGORY VII (0.25 PERCENT): CYPRUS, ICELAND, MALTA, LIECHTENSTEIN, SAN MARINO, VATICANWHITE

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NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 IO-12 NEA-10

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C O N F I D E N T I A L SECTION 2 OF 2 HELSINKI 1252

8. TENTATIVE AGREEMENT REACHED THURS. THREATENED TO COME APART AGAIN FRIDAY AFTER NOWAY, COMPLAINING THAT ITS ASSIGNED PER-

CENTAGE (2 PERCENT) WAS FIVE TIMES AS LARGE AS ITS UN PAYMENT, TABLED AN ENTIRELY NEW SET OF FIGURES. NEW NORWEGIAN PROPOSAL BROKE CATEGORY IV INTO TWO NEW CATEGORIES PAYING 2.6 PERCENT AND 1.7 PERCENT AND ASSIGNED NEW PERCENTAGES OF 3.5 PERCENT AND 0.85 PERCENT TO CATEGORIES III AND V. LUXEMBOURG THEN SAID IF NORWEGIAN PROPOSAL AGREED TO IT WOULD HAVE TO WITHDRAW FROM CATEGORY VI WHERE IT WAS PAYING TWELVE TIMES ITS UN FIGURE. (LUXEMBOURG POSITION WAS SOMEWHAT LESS THAN CONVINCING SINCE IT HAD VOLUNTARILY PLACED ITSELF IN CATEGORY VI SO AS NOT TO HAVE TO BE ASSOCIATED WITH MINI- STATES.) AFTER GREEKS AND CZECHS SPOKE AGAINST NORWEGIAN PROPOSAL, FINLAND, PROMPTED BY UK, ASKED NORWAY TO WITHDRAW ITS NEW PAPER. NORWAY AGREED, BUT ONLY AFTER ANGUISHED SPEECH IN WHICH IT CLAIMED AUTHORITIES IN OSLO WOULD BE EXCEEDINGLY RELUCTANT TO AGREE TO CONSENSUS FORMULA.

9. DELS NONETHELESS AGREED TO REFER FORMULA STATED PARA. 7 ABOVE TO THEIR GOVTS AND MEET AGAIN MAY 16 TO REPORT RESULTS. U S, SAYING FORMULA HAD TAKEN BETTER PART OF THREE WEEKS OF HARD BARGAINING TO PUT TOGETHER, WARNED DELS THAT EFFORT BY GOVTS TO MODIFY THEIR OWN PERCENTAGE OR OTHERWISE TINKER WITH " FRAGILE" FORMULA WOULD RESULT IN TOTAL UNRAVELMENT AND RETURN TO POINT
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ZERO. MALTESE DEL ASKED WHETHER, IN GESTURE OF GOOD WILL TO EASE BURDEN OF SMALLEST COUNTRIES, CATEGORY I STATES WOULD TAKE ON ADDITIONAL 0.05 PERCENT, CHANING PERCENTAGES OF CATEGORY I TO 8.8 PERCENT AND CATEGORY II TO .2 PERCENT. CATEGORY I STATES AGREED TO REFER THIS SUGGESTION TO THEIR GOVTS.

10. BEFORE CLOSE OF FRIDAY NON- MEETING SEVERAL DELS UNDERLINED FACT THAT CONSENSUS FORMULA SHOULD BE CONSIDERED " IN BRACKETS" AND THAT THEY MAINTAINED RESERVATIONS " IN PRINCIPLE". SEVERAL DELS, LED BY ROMANIA, ALSO ASSERTED CONSENSUS FORMULA SHOULD NOT BE CONSIDERED A " PRECEDENT". POSSIBLE PROBLEM ALSO LAY IN ABSENCE AT FRIDAY' S MEETING OF TWO OF MOST DIE- HARD PRO- UN FORMULA DELS (ICELAND AND SAN MARINO). COUNTRIES THUS MOST LIKELY TO DESTROY CONSENSUS NEXT WED. ON BASIS OF " PRINCIPLE" OR OTHERWISE ARE NORWAY, SWEDEN, ROMANIA, ICELAND, GREECE, LUXEMBOURG AND SAN MARINO.

11. COMMENT: CONSENSUS FORMULA LOOKS GOOD FROM THIS END WITH US THE PRINCIPAL GAINER OF ABANDONMENT OF " CAPACITY TO PAY" PRINCIPLE. 8.75 PERCENT IS ALMOST CERTAINLY LOWEST FIGURE MOST STATES WILLING TO ACCEPT FOR CATEGORY I AND ALSO ABOUT AS HIGH AS UK, ITALY AND FRANCE ARE WILLING TO GO. IN OTHER WORDS, FIGURE CANNOT GO UP WITHOUT BREAKING UP TOP GROUP AND CANNOT GO DOWN WITHOUT LOSING REST OF CONSENSUS. WE THEREFORE RECOMMEND APPROVAL. WE ALSO RECOMMEND APPROVAL OF MALTESE SUGGESTION OF ADDITIONAL .05 PERCENT IN TOP CATEGORY (PARA. 9) AS GOOD WILL GESTURE PROVIDED ALL OTHER CATEGORY I NATIONS ALSO

AGREE. REQUIRE ANSWER WED. A. M. HELSINKI TIME.

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